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FORTY-SEVENTH SESSION

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SECOND COMMITTEE
9th meeting
held on
Thursday, 8 October 1992
at 3 p.m.
New York

# SUMMARY RECORD OF THE 9th MEETING

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| Chairman: | Mr. PIRIZ-BALLÓN | (Uruguay) |
| later: | Mr. GUERRERO (Vice-Chairman) | (Philippines) |
| later: | Mr. PIRIZ-BALLÓN (Chairman) | (Uruguay) |

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The meeting was called to order at 3.20 p.m.

GENERAL DEBATE (continued)

1. Mr. BORG (Malta) said that in their deliberations Member States tended to overlook the human element and to forget that human rights and human development were complementary and inseparable. Despite the growing consensus on the need for cooperation, measures taken to strengthen international cooperation remained disjointed. Member States now had an opportunity to rectify that situation by ensuring that developed and developing countries worked together to create a more hospitable international economic and social environment for future generations.

2. Trade, finance, technology and sustainable development had been identified as the key areas in which international cooperation for development must be improved, and dialogue as the mechanism whereby that improvement could effectively be achieved. His delegation welcomed the fact that Member States now placed the economic disparities existing in an interdependent world at the top of their global agenda.

3. A number of items on the Committee's agenda had one common element - development: not the development of one group of countries, but the development of all countries. In the coming weeks, the Committee would scrutinize issues and decide on future action to accelerate growth and strengthen sustainable development in Member States. Those decisions called for coordinated measures and the ability to prioritize issues requiring urgent action so as to achieve economic prosperity and social justice. His delegation thus welcomed the consensus on the need for the Organization to focus attention on the socio-economic sector of its work and the calls for its capacity and effectiveness to be enhanced to that end.

4. That global partnership had been evident at two important United Nations conferences held earlier that year: the eighth session of the United Nations Conference on Trade and Development and the United Nations Conference on Environment and Development. The Cartagena Commitment of February 1992 reflected the efforts of all countries, rich and poor alike, to reach a common understanding on measures to improve the international trading system through regional and interregional cooperation in an effort to generate economic growth which, in turn, would promote job growth, investment opportunities, private enterprise, increased exports, financial stabilization and debt reduction; and, above all, give the courage needed to take bolder steps to alleviate poverty.

5. At the Conference on Environment and Development, sustainable development had become the password for the implementation of the goals and objectives of Agenda 21. His delegation thus looked forward to the follow-up to that Conference. The Commission on Sustainable Development must become the vehicle for advancing international cooperation and activities on environmental issues

(Mr. Borg, Malta)

with a direct influence on sustainable development. The important decisions taken at Rio de Janeiro must be the subject of important follow-up measures by the General Assembly, particularly with regard to the financing and implementation of Agenda 21. Non-governmental organizations should be encouraged to play an active part in those follow-up activities at national, regional and international levels.

6. His delegation also attached great importance to improving the functioning of the economic and social sectors of the United Nations, with a view to achieving a transformation in global economic growth parallel to that being achieved on the international political scene. His delegation wished to see the United Nations strengthen its lead in development assistance, and to caution against the trend towards the fragmentation of that assistance. It noted with interest the proposal to establish a mechanism to coordinate the work of the various governing bodies involved in development asssistance, and favoured steps to improve coordination between the United Nations development system and the Bretton Woods institutions, including arrangements for reciprocal participation in meetings. Duplication of work between the General Assembly and the Economic and Social Council should be reduced by streamlining the Council's agenda and work, and by assigning to it a more appropriate role of provision of policy guidance, without diminishing the overall responsibility of the General Assembly. The Committee must now join in the efforts of the Organization to give a human face to development.

7. Mr. Guerrero (Philippines), Vice-Chairman, took the Chair.

8. Mr. FINAU (Fiji) said that the past year had seen a continuing trend towards the formation of regional trading blocs. Although such blocs were not necessarily harmful to the global trading system, or prohibited under GATT rules, their impact on the system remained a subject of debate. Many experts viewed those blocs as building blocks for the construction of a more open and liberal trading system; while others regarded them merely as stumbling blocks diverting attention from multilateral efforts to liberalize the world trading system. The costs of consolidation of the world economy into a few large trading blocs would be borne by those countries that were excluded: small, open, export-oriented developing countries.

9. If their further development was to be ensured, developing countries must be guaranteed greater market access for their products and a significant improvement in their terms of trade. A truly open and liberalized trading system was the only credible option for generalized prosperity and development. The Government of Fiji was committed to that objective: over the past three years its trade regime had been liberalized considerably; import quotas had been replaced with tariffs; and the Government was committed to continuous reductions in the overall level of import protection, and offered generous incentives to foreign investors.

(Mr. Finau, Fiji)

10. External debt continued to be a very serious problem for many developing countries. Clearly, attempts to solve the problem on a piecemeal basis would not be successful, and a lasting solution must encompass all types of debt, and include anticipatory measures to prevent a further spread of the debt problem. Debt reduction arrangements must not be confined to a few countries, but must be extended to all, including those struggling to honour their obligations. Sound macroeconomic management policies including careful control of government finance, of the sort pursued by his own Government, would help prevent the problem from recurring.

11. Increased resource flows, official, multilateral and private, were essential for the developing countries; yet both the official development assistance target of 0.7 per cent of GNP and the ODA target of 0.15 per cent of GNP for the least developed countries remained far from being achieved. The developed world must signal its commitment to enhancing developing countries' capacity to play a meaningful role in the world economy by working towards achieving those internationally agreed targets. On the other hand, it was encouraging to note that over the past two years the situation regarding the net transfer of resources from the developing to the developed countries had begun to show some improvement.

12. The adoption by consensus of the Declaration on International Economic Cooperation by the General Assembly at its eighteenth special session had offered a unique opportunity to launch a new global consensus on development. Yet implementation of the Declaration had thus far been generally unsatisfactory. A greater effort must be made by both developing and developed countries to meet the commitments set forth in the Declaration.

13. His Government had completed a comprehensive review of the environment and had formulated a draft National Environment Strategy (NES), to guide management of the environment and natural resources and ensure that Fiji's development took place on a sustainable basis. His Government was currently seeking the views of the general public before finalizing the draft strategy. It would shortly sign the United Nations framework Convention on Climate Change. In his delegation's view, the Convention required protocols setting firm targets and timetables for action. It was to be hoped that sufficient countries would ratify the Convention to allow for the speedy implementation of the measures set forth therein. The establishment of a Commission on Sustainable Development offered the best chance of making Agenda 21 an operational reality. Its task should include follow-up of the Conference decisions, overseeing the integration of environment and development in the United Nations system, and examining progress in the implementation of Agenda 21 at the national, regional and international levels, including the question of financial resources. Careful consideration must therefore be given to setting up that important commission during the current session.

14. It was increasingly evident that the United Nations was now living up to the expectations placed in it in the political field. It must now also live

(Mr. Finau, Fiji)

up to its role and responsibilities in the economic field. There was much scope for improving its work in that area, and the various proposals at hand should be carefully examined and developed. The Second Committee's relationship with other organs of the United Nations needed to be clearly identified, and overlapping and duplication must, as far as possible, be avoided.

15. Mr. ELIASHIV (Israel) welcomed the agreement reached on the institutional arrangements for the follow-up to the Rio Conference and on a Commission on Sustainable Development. His delegation agreed that there was a need to review the relationship between and the functioning of the various bodies of the United Nations in the economic, social and related fields; and it welcomed the steps taken by the Secretary-General to reform and restructure the United Nations development system.

16. Given the interdependence of various aspects of development, it would be wrong to concentrate on only one particular aspect of development. Israel agreed that there could be no real and long-term solution to the problem of poverty unless environmental concerns were properly integrated into all development activities, and it was concerned over the serious problems of poverty, mass starvation and famine, external debt and environmental degradation.

17. On many occasions Israel had presented to international organizations both within and outside the United Nations system an outline of sustainable development through promotion of the transitional economy. The proposal sought to break the vicious circle of poverty by improving the productivity and quality of life of the poorer peripheral traditional sectors in the societies and economies of the developing countries and to combine the vision of a comprehensive intersectoral development process with pragmatic decentralized planning, programming and implementation while reflecting prevalent constraints. The strategy involved launching programmes with a limited number of projects associated with the most acute socio-economic issues and employing an initial level of complexity that was compatible with the current capacities of development institutions and target institutions. It had applied certain elements of the strategy both within Israel and in its many international cooperation programmes in the developing countries with some success.

18. While Israel believed that technology, particularly environmental technology, was a key element in sustainable development it also believed that such technology must be carefully selected with a view to adapting it to the specific needs of each developing country. As Israel attached great importance to the efforts to combat desertification, it had focused on research and development in the use of solar energy linked to the very extensive development in the use of water resources to produce desalination processes of sea water and brackish water in the desert. It was willing to

(Mr. Eliashiv, Israel)

share with other developing countries those environmental technologies which could play an important role in the global efforts towards achieving sustainable development.

19. As the human factor was also a crucial element to development, increased attention would have to be directed to human resources development, ensuring that men and women participated on an equal footing, and to the transfer of training and technology. Development of human resources had become the key to Israel's technological expansion and a marked feature of its extensive technical and economic cooperation with other countries; it was ready to continue to share its know-how with other developing countries.

20. Countries should set aside their differences and join forces in an effort to find solutions to the problems affecting the whole of mankind. During the recent multilateral talks in the framework of the Middle East peace process, Israel had presented detailed and concrete proposals on projects for regional cooperation and development in such fields as arid zone agricultural development, the recycling of waste, protection of the environment and desalination technology. It was his country's desire that peace should be achieved between all neighbouring countries thus making it possible for all the nations in the area to dedicate their efforts, resources and energies to social and economic development through genuine cooperation in order to build an open regional economy and a common market.

21. Mr. IBRAGIMOV (Kazakhstan) said that the decisions taken at the United Nations Conference on Environment and Development were of particular relevance to Kazakhstan, which was facing a particularly acute environmental crisis due to the drying up of the Aral Sea and the need to eliminate the consequences of nuclear-weapon testing in the region around Semipalatinsk. Without broad international assistance, Kazakhstan would not be able to deal with those crises.

22. Kazakhstan was currently engaged in the difficult task of overcoming the consequences of totalitarianism and shifting to a new political and economic system. It was developing broad-based and massive cooperation with foreign countries in a number of areas including industry, science and technology. It had concluded, and was in the process of implementing, treaties with a number of States to encourage and secure mutual protection of investments. It had recently become a fully fledged member of institutions such as the International Monetary Fund, the World Bank and the European Bank for Reconstruction and Development. It had noted an understanding of its problems on the part of those organizations and of a number of countries, and a sincere desire to assist it in stabilizing its economic situation. Kazakhstan's openness and its great economic potential were a source of attraction to many countries. Bearing in mind those countries' concern to see a firm legal basis with which to guarantee investment protection and accelerate market reforms, the Government had striven to provide the governmental and legal basis for reform, passing legislation governing areas such as property, the basic

(Mr. Ibragimov, Kazakhstan)

principles of foreign activity, foreign investment, economic free trade zones, freedom of economic activity and the development of entrepreneurship, in order to create a sound basis for the free market system.

23. Kazakhstan was ready to cooperate with foreign partners in all spheres of economic activity, and in particular, in modernizing and developing its industry and agriculture. Kazakhstan also needed assistance in implementing its conversion programmes. It gratefully acknowledged the technical, financial and other foreign assistance it had received, but clearly understood that only through a combination of its own people's efforts and international cooperation could it ensure the sustainable and dynamic development of its economy.

24. Measures taken by Kazakhstan to facilitate the transition to a market economy included a firm policy on the key issue of denationalization and privatization of property; intensive establishment of market structures; price liberalization; anti-monopoly policies; new approaches to investment policy; and radical changes in organization of the supply of production materials and technology. It was continuing to reform the organizational structures of its economy, and progress was being made with the difficult process of establishing financing and credit mechanisms. A fundamentally new tax policy had been put together and was being implemented, and specialists in market economy conditions were being trained. New approaches were being sought to economic interaction between members of the Commonwealth of Independent States. The President of Kazakhstan had proposed a number of initiatives in that area, which were to be discussed at the meeting of leaders of those States to be held in Bishkek on 9 October 1992.

25. The course of its economic reforms had shown that Kazakhstan was able to cope unaided, but that without broad assistance from the international community, from the international economic organizations and from the highly developed countries, the process would be an unconscionably long one. Kazakhstan was on the road to global economic reforms, and active assistance from those countries would enable it to accelerate the process, both to its own benefit and to that of its foreign partners.

26. Mr. Piriz-Ballón (Uruguay) resumed the Chair.

27. Mr. BUTLER (Australia) said that the world was midway through a period characterized by enormous and dynamic change in the political, economic and conceptual spheres. The Committee should be guided in its deliberations by two important points: firstly, that if it failed to grasp the unique opportunity that now presented itself to effect changes that opportunity would be lost forever and, secondly, that in a period of rapid change identical solutions could not be applied twice to the same problems.

28. In his delegation's view, Member States had a unique opportunity at the current session to design a capable United Nations. However, to do so, at

(Mr. Butler, Australia)

least four things were needed: the work of the General Assembly and the work and functions of the Economic and Social Council must be rationalized to improve coherence and authority; the Council itself must be revitalized; the Commission on Sustainable Development must be successfully launched in order to ensure that it was fully incorporated within the work of the Organization designed to produce the capable United Nations mentioned by the Secretary-General; and, the governance and abilities of operational agencies that delivered practical projects to people around the world must be improved.

29. There had been a profound shift in thinking about the nature of global economic relations as evidenced by the adoption of the concept of sustainable development. There had been an equally profound change in the professed policy and attitude of the major United Nations-related financial institutions. The executive heads of the World Bank and the International Monetary Fund had expressed a willingness to commit their institutions to a new degree and kind of global economic cooperation that had not previously been heard before. Those signs would appear to indicate that if the Second Committee had the courage to make great change it might be met equally by others in a position to help it effect such change and make it work.

30. His delegation would consider favourably any proposals that would help to meet the new challenges, but such proposals would be judged from the standpoint of their ability to make a practical contribution to the delivery of assistance that the United Nations system could render to Member States and to the contribution that such proposals could make to the overall ability to meet the challenge of great change. The time for talk was over; it was now time for action. The decisions that would be taken at the current session would affect the economic and social welfare of very many human beings and would have the possibility of ensuring a balance throughout the whole United Nations system. The Committee had a unique opportunity to design a new system for the economic and social work of the United Nations and to produce the capable United Nations of which the Secretary-General had spoken.

31. The CHAIRMAN invited the Committee to proceed to an exchange of views with representatives of the World Bank and the International Monetary Fund, as suggested by the representative of Pakistan speaking on behalf of the Group of 77. Questions should refer not to individual countries but rather to issues of shared concern for all members of the Committee.

32. Mr. BARNETT (United Kingdom) welcomed the emphasis being given by the World Bank to poverty alleviation and inquired what steps were being taken to ensure that the philosophy permeated the Bank at all levels particularly down to the level of country desks. He also inquired when the World Bank would actually issue its internal directive on the question of structural adjustment, including the important issue of the need to safeguard the poorest segments of society.

33. Mr. HADDAD (World Bank) replied that the directive would be issued within a matter of weeks. The strategy for poverty alleviation called for two major things, namely, economic growth whereby the poor sectors could have a larger share of the fruits of development and targetted interventions designed to provide more opportunities for labour and to enhance opportunities for the poor to participate in the labour market. As a result, an operational strategy had been developed. More recently a handbook for staff had been prepared in collaboration with all the bodies and agencies of the United Nations and bilateral donors. On the basis of the handbook, technical guidelines had been issued to staff. Currently, every single operation or scheme in any country had to be related to the theme of poverty alleviation.

34. Structural adjustment was also closely related to poverty alleviation because it was clear that in some cases if structural adjustment was not well monitored and designed it could, in the short term, have an adverse impact on some sectors of the population. The Bank had therefore devised lending mechanisms called social action programmes which would go hand in hand with structural adjustment programmes so that groups which were adversely affected by some of the adjustment measures would be covered under human resources development programmes or some of the other measures.

35. Mrs. FREUDENSCHUSS-REICHL (Austria) asked what the thinking of the Fund and Bank was on the modalities for the establishment of the Commission on Sustainable Development.

36. Mr. HADDAD (World Bank) said that internal consultations were currently being held on the subject. However, the Bank hoped to participate in the working group set up by the Committee and hoped that the group could provide technical leadership and that its support system would not be so rigid as to jeopardize the activities of others working in the area but rather would facilitate their work and be a very good forum for collaboration.

37. Mr. CHIARADIA (Argentina) said he wished to know the status of the consultations between the Secretary-General and the multilateral financing institutions, called for in General Assembly resolution 46/205, concerning the convening of an international conference on the financing of development, and whether a report would be issued on the subject.

38. Mr. HADDAD (World Bank) replied that the Bank believed that the convening of an international conference on the financing of development must be decided by the General Assembly rather than the Bank. While the Bank was ready to participate in technical discussions on the convening of the conference, it had a number of reservations about the advisability of establishing another forum for mobilizing resources for development. Specifically, it was concerned that, if the conference became a forum for the mobilization of resources, many donors might freeze their commitments pending the outcome of the negotiations regarding preparations for the conference. That could affect the implementation of Agenda 21 and the financial aspect of the resolutions and decisons of the United Nations Conference on Environment and Development,

(Mr. Haddad, World Bank)

as well as the tenth replenishment of the International Development Association (IDA). There had been a productive discussion on financing at the United Nations Conference on Environment and Development. Perhaps the issue of financing could be taken up at one of the upcoming conferences.

39. Mr. BHATIA (International Monetary Fund) said that a number of discussions had been held between the Secretariat and the World Bank and IMF. The Fund had not taken any position on the convening of the international conference, and it would cooperate fully with whatever decision was taken by the General Assembly. With respect to the technical issues of the conference, the Fund considered that, in view of the fact that substantial international mechanisms already existed for managing and channelling flows of resources from developed to developing countries, it was important to decide whether additional mechanisms were required, and whether or not they would be in competition with existing mechanisms.

40. The Fund took a much more holistic approach to development and it believed that more attention should be given to the social aspect of development. Current efforts in that area were scattered, and the response to social problems was usually belated, inadequate and uncoordinated. It was for the General Assembly to decide whether that aspect of development should be considered in the context of an international conference on the financing of development, or whether it should be taken up at a social summit or in the context of current efforts to reorganize the United Nations system.

41. Mr. SETH (India) noted that both the World Bank and IMF seemed to be reticent about the convening of an international conference on the financing of development. The former appeared to believe that the conference concerned the mobilization of resources for the Bank's activities, and IMF, too, seemed to view the conference from its own limited perspective.

42. He wished to know whether the World Bank and IMF considered that the conference could deal with the issues of macroeconomic surveillance and coordination and the impact of currency fluctuations. The concerns of the developing countries in that area seemed to have been completely disregarded. He would also welcome comments upon the impact, if any, of currency instabilities on capital flows to developing countries.

43. Mr. HAMBURGER (Netherlands) said that his delegation had expressed its disappointment at the decision of the Development Committee with respect to follow-up to the Rio Conference, in particular regarding the idea of an "earth increment" to IDA. He requested the World Bank and IMF to comment on the outcome of that meeting, particularly in view of the fact that the Trade and Development Report, 1992 focused on sustainable development as the core issue of development.

44. Mr. GUERRERO (Philippines) asked whether the Bretton Woods institutions had any ideas or blueprints for debt relief, either partial or total, for developing countries. The World Bank and IMF should express their views on the establishment, under the auspices of the Secretary-General, of an international commission on debt and development, which would include such organizations as the World Bank and IMF.

45. Mr. PONIKIEWSKI (Poland) wished to know how long the additionality of resources for economies in transition could be maintained, and what new sources of financing might be found for projects in Central and Eastern Europe and the Commonwealth of Independent States, particularly in the light of the tenth replenishment of IDA.

46. Mr. NKOUNKOU (Congo) inquired about the position of IMF regarding the proposal made at the recent session of the Economic and Social Council on the social element of structural adjustment programmes. He also requested the World Bank and the Fund to express their views on complete or partial debt relief for the middle-income African countries.

47. Ms. JANJUA (Pakistan) said that the Group of 77 had asked the World Bank and IMF, as well as a representative of the Group of Seven, to provide information about the effect of the recent monetary crisis on the developing countries. In their comments, the World Bank and IMF should bear in mind that there was currently no macroeconomic coordination at the international level. The developing countries had long been in favour of such coordination, which perhaps might also be undertaken by the United Nations Conference on Trade and Development (UNCTAD).

48. No decision had yet been taken on the allocation of available resources. She wondered whether it would not be possible to mobilize resources for the developing countries in the same way as had been done for the countries of Central and Eastern Europe.

49. The World Bank and IMF should elaborate on how best they could cooperate with the United Nations, especially in the context of the restructuring of the Organization.

50. Mr. JALLOW (the Gambia) asked whether the World Bank and IMF had devised any programme or economic package for developing countries that had graduated from IMF/World Bank economic recovery or structural adjustment programmes.

51. Mr. KAARIA (Finland) asked the representative of the World Bank to give a brief description of the division of labour in programme and project execution and implementation between the World Bank and the recipient country concerned and to indicate whether or not the Bank had found a lack of capacity in national execution.

52. Mr. MONGBE (Benin) said that some countries that had signed agreements on structural adjustment programmes with the World Bank had experienced a rise in

(Mr. Mongbe, Benin)

unemployment because of a scarcity of jobs. The Bank should comment on the specific measures it had taken, or intended to take, to alleviate the situation of people in developing countries who had received a higher education but were unable to find employment.

53. Mr. ARELLANO (Mexico) wished to know whether the Bretton Woods institutions were considering changes in their current structures and modus operandi in response to the sweeping changes that had recently taken place in the world.

54. Mr. AMAZIANE (Morocco) said that his delegation had emphasized the need for IMF to monitor the macroeconomic policies of the most industrialized countries. He wished to know what means IMF had of exercising pressure on the most industrialized countries, given that they were the main stockholders in the Fund and therefore governed its resources.

55. Ms. DIOP (Senegal) said that, as coordinator of the United Nations New Agenda for the Development of Africa in the 1990s, the Department of Economic and Social Development was currently holding consultations with agencies both within and outside the United Nations system with a view to mobilizing resources for the New Agenda. In that connection, she wished to know what action the World Bank and IMF were taking to implement the New Agenda.

56. Mr. SENE (Senegal) said that he wished to know how the World Bank and IMF viewed better coordination between United Nations agencies and the Bretton Woods institutions, and whether the World Bank and the Fund had made their contribution to the revitalization of the economic and social sectors of the United Nations.

57. Mrs. HASSAN (Egypt) noted the scepticism expressed by the representative of the World Bank about the objectives of the international conference on the financing of development. His suggestion that resources should be mobilized for individual topics, such as women, population and social development, was completely contrary to the current international trend towards an integrated approach to development. She emphasized that the World Bank and IMF should take account of the views and concerns of the developing countries.

58. Mr. OULD HABOTT (Mauritania) asked the representatives of both the World Bank and the International Monetary Fund what measures their institutions had envisaged to create jobs for the young unemployed.

59. Mr. HADDAD (World Bank) said, regarding mobilization of resources, that there was no dispute that resources should be increased. Technical discussions were under way in the World Bank to consider mechanisms whereby that could be achieved. The best solution might be a conference on financing for the transfer of resources for development. What had been done for Eastern Europe might be attempted for the developing countries. World Bank resources devoted to Eastern Europe accounted for only 10 per cent of total activities.

(Mr. Haddad, World Bank)

There were no problems with additionality. Loans to Eastern Europe and Central Asia would not deprive resource flows from any other region. The money for such loans came from the capital market, from a World Bank capital stock of $150 billion, to which a further $67 billion could be added. That was ample for the countries in economic transition of Eastern Europe and Central Asia.

60. Regarding the International Development Association (IDA), resources were limited. Negotiations were still under way for the tenth replenishment of IDA; it should be possible to agree on a figure for the tenth replenishment to be equivalent to that of the ninth replenishment. Some seven or eight more countries now qualified for IDA than previously. The United Nations Conference on Environment and Development had agreed that the Earth Increment should be financed from IDA, in which case individual country shares would be less.

61. Turning to debt, the World Bank was in favour of debt forgiveness, except of course as far as the World Bank itself was concerned. Forgiveness of multilateral debt was a complicated issue. With respect to official debt, many initiatives had been taken. The World Bank had provided technical assistance to both sides in many cases, but was not part of the negotiations; its role was to provide financial support to countries participating in debt relief programmes to buy back their debt. It provided various debt reduction facilities and helped countries to sell equity for debt forgiveness.

62. World Bank loans for structural adjustment accounted for only 15 per cent of its total portfolio, a proportion equivalent to its loans for the social sector. Countries which graduated from structural adjustment programmes reverted to investment programmes, which accounted for 85 per cent of World Bank activities. A move was under way towards country-based operations, with different packages tailored to the needs of each individual country. Job creation had been discussed in the World Bank's research section, where they had drawn on the experience of various countries. A recent study undertaken by the World Bank dealing with pre-job training and continuous programmes of apprenticeship could be made available.

63. Commenting on the institutional set-up in the World Bank, he said that once loans had been granted from the International Bank for Reconstruction and Development (IBRD) or credit provided from IDA those funds became the country's money. The World Bank was not responsible for the implementation of projects, it merely financed them; its mandate was to supervise disbursement on the basis of agreements. Regarding changes in the World Bank designed to cope with global changes, he said that the World Bank was constantly changing and that all countries were strongly represented, which kept the World Bank attuned to changes in the world at large. The World Bank had recently upgraded its office at the United Nations.

(Mr. Haddad, World Bank)

64. Concerning the New Agenda for Africa, the World Bank had a regional unit for Africa, to which it gave the highest priority; some 50 per cent of IDA resources went to Africa. The World Bank strongly supported the New Agenda.

65. Finally, the World Bank welcomed all requests for collaboration with the United Nations. There was now much closer collaboration with the United Nations Development Programme (UNDP) and other specialized agencies, and the World Bank would welcome increased collaboration with intergovernmental bodies such as the Economic and Social Council. Coordination targeted at global programmes worked well, and coordination at the country level was most desirable, especially when country strategies were well designed and planned. Coordination did not need to include everyone at the same time.

66. Mr. BHATIA (International Monetary Fund) said that the recent currency crisis had been a consequence of maladjustments in the industrial world. Too much emphasis had been placed on monetary policy and there had been incomplete implementation of medium-term strategies to control inflation. Those factors, coupled with the uncertainties over the Maastricht Treaty, notably the referendum in France, had triggered the crisis. The 1987 crisis had resulted from a lack of confidence. However, its impact had been more on stock markets, whereas the current crisis had affected currency markets, especially those within the European Exchange Rate Mechanism; it was not a world-wide crisis. There had been a lack of confidence in individual country policies. Some stability had now been re-established. The main problem was to develop a mechanism to maintain and strengthen confidence and increase the surveillance authority of the International Monetary Fund (IMF). The Interim Committee would discuss surveillance mechanisms.

67. The perspective on debt had changed considerably since the mid-1980s, and the crisis appeared to have been managed and subsequently tamed. The question was how to go beyond the problem of debt. The debt-service burden of developing countries had been reduced by 50 per cent and total debt had fallen by a similar proportion. Some 90 per cent of commercial debt was now covered by agreements with commercial banks. Although there were problems for Africa and other low- and middle-income countries which were highly indebted, some progress had been made and it should be possible to get more preferential treatment for those countries.

68. Regarding resource flows and development finance, amounts had been increasing, but major increases were not to be expected. It had been proposed that the target for official development assistance should be increased from 0.7 per cent to a full 1 per cent of GNP. He felt it was important to achieve the original target before increasing it.

69. Finally, with regard to Fund programmes, several countries in Latin America and even in Africa had graduated from such programmes and re-established their creditworthiness, achieving positive and sustainable growth rates. Fund programmes now had many social aspects and there were good

(Mr. Bhatia, IMF)

inter-agency contacts. IMF had learned much from various countries and endeavoured to convey their concerns to management.

70. The CHAIRMAN informed delegates that he had prepared a summary of the salient points of the general debate, which would be circulated in due course.

The meeting rose at 6.20 p.m.